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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

JENS ERIK SORENSEN, as Trustee of
SORENSEN RESEARCH AND
DEVELOPMENT TRUST,

Plaintiff,

v.

METABO CORPORATION, a Delaware
Corporation; METABOWERKE GMBH
A German Corporation; and DOES 1-100,

Defendants.

Case No. 08-cv-0304 BTM CAB

**METABO CORPORATION'S
REPLY MEMORANDUM IN
SUPPORT OF MOTION TO STAY
THE LITIGATION PENDING
REEXAMINATIONS OF U.S.
PATENT NO. 4,935,184**

Defendant Metabo Corporation ("Metabo") submits this reply memorandum in response to Plaintiff's Objection to Metabo's motion to stay this case pending the United States Patent and Trademark Office's ("PTO") reexaminations of U.S. Patent No. 4,935,184 (the "'184 patent").

I.

Preliminary Statement

In its motion to stay these proceedings, Metabo established that a stay pending reexamination of the '184 patent is appropriate based on the early stage of this case, the lack of prejudice to Plaintiff, and the fact that the PTO's findings will simplify the issues in this case. Further, Metabo identified five related cases which this Court stayed pending reexamination of the '184 patent, the same patent at issue in the present case. Since Metabo filed this motion, this Court has stayed at least fourteen additional cases pending reexamination of the '184 patent. Plaintiff has failed to

1 demonstrate why this case should be treated any differently than the others. It would be a waste of
 2 this Court's resources, as well as those of the parties, to litigate any issues in this case prior to
 3 reexamination because it is likely that the PTO will invalidate or significantly modify the scope of
 4 the claims in the '184 patent. In light of the stays granted by this Court in other pending cases
 5 involving Plaintiff and the '184 patent, Plaintiff will not be prejudiced by a stay of this case.
 6 Accordingly, this Court should grant Metabo's motion.

7 II.

8 Argument

9 A. Plaintiff Has Failed to Distinguish This Case From Others That Have Been Stayed 10 Pending Reexamination of the '184 Patent.

11 As discussed in Metabo's motion to stay, this Court already has stayed several related cases
 12 involving the '184 patent pending reexamination by the PTO. See Sorensen v. Black & Decker
 13 Corp., 2007 U.S. Dist. LEXIS 66712 (S.D. Cal. Sept. 10, 2007), attached as Exhibit C to the
 14 Declaration of Jeffrey Lewin filed in support of Metabo's motion to stay ("Lewin Declaration");
 15 Sorensen v. Giant International, No. 07cv2121 (S.D. Cal. Feb. 28, 2008), attached as Exhibit D to
 16 the Lewin Declaration; Sorensen v. Esseplast (USA) NC, Inc., No. 07cv2277 (S.D. Cal. Mar. 19,
 17 2008), attached as Exhibit E to the Lewin Declaration; Sorensen v. Energizer Holdings Inc., No.
 18 07cv2321 (S.D. Cal. Mar. 19, 2008), attached as Exhibit F to the Lewin Declaration; Sorensen v.
 19 Helen of Troy, 07cv2278 (S.D. Cal. Feb. 28, 2008), attached as Exhibit G to the Lewin Declaration.
 20 Since Metabo filed its motion to stay, this Court has stayed at least fourteen additional cases
 21 involving the patent at issue.

22 In objecting to Metabo's motion to stay, Plaintiff has failed to establish why this Court
 23 should treat this case any differently from Plaintiff's other cases alleging infringement of the '184
 24 patent. Certainly the timing of Metabo's motion to stay – filed before discovery has even begun – is
 25 not a distinction, since this Court found no injustice in ordering a stay one year after the
 26 commencement of the Black & Decker litigation despite the exchange of "substantial amounts of
 27 discovery." Exhibit C to the Lewin Declaration, at p. 6. Similarly, despite Plaintiff's claim that the
 28 *ex parte* nature of the proceeding before the PTO means that "a stay pending completion of the

1 reexamination will not simplify any issues,” (Objection at p. 6), this Court already has determined in
 2 related cases that awaiting reexamination of the ‘184 patent will simplify litigation of Plaintiff’s
 3 infringement claims because the parties and Court will have the benefit of the PTO’s expertise on the
 4 subject patent. Exhibit C to the Lewin Declaration at pp. 8-9.

5 Plaintiff’s Objection simply recycles his previously unsuccessful arguments that he will be
 6 unduly prejudiced by the delay. Plaintiff argues that he will be prejudiced by (1) the potential loss of
 7 evidence¹ and (2) the fact that, according to his own research, the PTO’s reexamination of the ‘184
 8 patent could take “in excess of seven years” and is unlikely to result in cancellation of all the claims
 9 of the patent. Objection at p. 2. However, as this Court stated in granting Black & Decker’s motion
 10 to stay, although “[p]rotracted delay is always a risk inherent in granting a stay,” the delay caused by
 11 a stay in proceedings pending reexamination of the ‘184 patent “is especially inconsequential where
 12 Plaintiff himself waited as many as twelve years before bringing the present litigation.” Exhibit C to
 13 Lewin Declaration at p. 7 (citation omitted). In fact, in Black & Decker, this Court found that it was
 14 the *defendants* who “would potentially be prejudiced by *failing* to enter a stay” since any decision
 15 reached by this Court would not bind the PTO in its reexamination, raising the real possibility of
 16 inconsistent judgments for which defendants would have no legal recourse. *Id.* at pp. 7 - 8
 17 (emphasis added) (citing Bausch & Lomb, Inc. v. Alcon Lab., Inc., 914 F. Supp. 951, 952
 18 (W.D.N.Y. 1996)).

19 Because Plaintiff has failed to establish why the Court should deny a stay to Metabo when
 20 this Court repeatedly has found that the key factors of 1) stage of litigation; 2) undue prejudice; and
 21 3) simplification of the issues, all militate in favor of a stay of litigation pending reexamination of
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25 ¹ However, Plaintiff fails to cite any “specific, valid reasons to believe that [he] needs to obtain discovery in order to
 26 preserve evidence that will otherwise be unavailable after the stay.” See Sorensen v. Giant International, No. 07cv2121
 27 (S.D. Cal. Feb. 28, 2008), attached as Exhibit D to the Lewin Declaration, at p. 1; see also Exhibit E to the Lewin
 28 Declaration at p. 1; Exhibit F to the Lewin Declaration at p. 1; Exhibit G to the Lewin Declaration at p. 2; see also
Sorensen v. Star Asia USA, LLC, No. 08cv307, May 23, 2008 Order Granting Partial Stay at p. 2.

the '184 patent, this Court should grant Metabo's motion to stay. See Exhibit C to the Lewin Declaration at p. 5, (citing Xerox Corp. v. 3Com Corp., 69 F. Supp.2d 404, 406 (W.D.N.Y. 1999)).²

B. Litigating Defenses to Plaintiff's Allegation of Infringement Is Illogical Given the Potential for a Finding of Patent Invalidity by the PTO.

Plaintiff appears to argue in the alternative that even if a stay of proceedings relating to the reexaminations is warranted, the Court should issue only a partial stay. Although this Court granted a partial stay in Black & Decker, the only exceptions to the stay were two pending motions. Exhibit C to Lewin Declaration at p. 10. No such motions are pending in this case. Nevertheless, Plaintiff argues that the parties should proceed to litigate procedural issues and affirmative defenses that do not fall within the "narrow spectrum" of reexamination, as well as some affirmative defenses which "partially overlap with the pending reexamination proceedings." Objection at pp. 3, 5. For example, Plaintiff argues that issues of venue and failure to state a claim should be litigated despite the pending reexaminations, citing this Court's May 23, 2008 order granting a partial stay in the Star Asia case, No. 08cv307. See Objection at p. 4. This argument lacks merit. First, in Star Asia, this Court did not permit the issue of Plaintiff's failure to state a claim to be litigated as an exception to the stay, and should not do so in this case. Second, as Metabo has no intention of challenging venue,

² Plaintiff's description of statistics pertaining to the reexamination process is both incomplete and inconsistent with the actual facts. For instance, plaintiff states that "only 10 percent of all re-examination requests granted by the PTO result in cancellation of all claims of a patent" referencing the Kramer declaration, paragraph 5 and Exhibit B thereto. Opposition at p. 1. Assuming that the plaintiff is referencing Section 8(b) of Exhibit B to the Kramer declaration entitled "Ex Parte Reexamination filing data - March 31, 2008", plaintiff fails to point out to the Court that the data in section 8(a) also indicates that reexamination certificates issued with all claims confirmed in *only* 26 percent of the cases. Since the present claims cannot be amended and must be either confirmed as is or canceled, there is, according to the statistics cited by plaintiff, a 74 percent chance of the claims being rejected and canceled completely.

Plaintiff further states that he "has conducted its own research and found over 90 completed re-examinations that took in excess of seven years to complete" and "many other re-examinations for which no certificate has yet issued after many years in the re-examination process" referencing Appendix A and B to the Opposition. Opposition at p. 2. However, Exhibit B to the Kramer declaration entitled "Ex Parte Reexamination filing data - March 31, 2008", Section I and footnote 1 indicates that as of March 31, 2008 over 9250 re-examination requests have been filed and therefore, the number of reexaminations (both completed and not completed) cited by the plaintiff (approximately 116) as taking "in excess of seven years" or "many years" is in fact only 1 percent of the total number of reexamination requests filed since the start of the Ex Parte reexamination process.

1 there is no reason to carve out an exception to the stay for that issue.³

2 Other than the Star Asia case, plaintiff cites no authority in support of his argument that
3 litigation of Metabo's affirmative defenses should proceed. Most likely, the lack of precedent is due
4 to the fact that the notion of litigating defenses to a potentially groundless claim is illogical.
5 Moreover, permitting the parties to proceed with discovery and litigation of Metabo's defenses of
6 patent invalidity and unenforceability (see Objection at p. 5) pending the PTO's reexamination of the
7 '184 patent directly contradicts this Court's repeated finding that a stay of proceedings is warranted
8 because "[o]ne purpose of the reexamination procedure is to eliminate trial of [the issue of patent
9 claim validity]". See Exhibit C to the Lewin Declaration at p. 8 (quoting Gould v. Control Laser
10 Corp., 705 F.2d 1340, 1342 (Fed. Cir. 1983), cert. denied, 464 U.S. 935 (1983)); see also Cygnus
11 Telecomms. Tech., LLC v. United World Telecom, L.C., 385 F. Supp. 2d 1022, 1024 (N.D. Cal.
12 2005) ("If the USPTO cancels any of the 21 claims asserted in the two patents, infringement and
13 validity issues that could potentially be raised in any of the multiple litigations consolidated before
14 this court would be resolved."). Similarly, why should Metabo and this Court be required to expend
15 resources to litigate the question of whether Plaintiff's claims are barred by laches, estoppel or
16 waiver given the possibility that the PTO will find the '184 patent is invalid? Plaintiff does not
17 explain the benefit of litigating affirmative defenses at this time, nor does he explain why delaying
18 resolution of such matters would cause him any greater prejudice than staying the entirety of the
19 litigation – which this Court repeatedly has held will not cause undue prejudice to Plaintiff, who will
20 retain the right to seek monetary damages for infringement should the PTO uphold the validity of the
21 '184 patent. The only persons who would benefit from a partial stay would be the lawyers who are
22 paid for their time, and their gain would come at the expense of the Court and the parties.

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26 ³ Plaintiff has not yet served co-defendant Metabowerke GMBH, a German corporation. Metabo cannot comment on
27 Metabowerke GMBH's position with respect to the question of venue or personal jurisdiction.
28

III.

CONCLUSION

For the foregoing reasons, this case should be stayed pending the outcome of the reexaminations of the '184 patent.

Respectfully submitted:

METABO CORPORATION

SULLIVAN HILL LEWIN REZ & ENGEL

Date: June 13, 2008

By: /s/ Jeffrey D. Lewin

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16 Defendants.
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PROOF OF SERVICE

18 I am employed in the City and County of San Diego by the law firm of Sullivan Hill Lewin
19 Rez & Engel, 550 West C Street, Suite 1500, San Diego, California 92101. I am over the age of 18
20 and not a party to this action.

21 On June 13, 2008, I served the attached document(s):

22 **METABO CORPORATION'S MEMORANDUM IN REPLY TO PLAINTIFF'S**
23 **OBJECTION TO MOTION TO STAY THE LITIGATION PENDING REEXAMINATIONS**
24 **OF U.S. PATENT NO. 4,935,184**

25 on the parties, through their attorneys of record, by placing copies thereof in sealed envelopes
26 (except for facsimile transmission), addressed as shown below, for service as designated below:

27 A. **BY U.S. MAIL.** I am readily familiar with Sullivan, Hill, Lewin, Rez & Engel's practice of
28 collection and processing correspondence for mailing. Under that practice, documents are
deposited with the U.S. Postal Service on the same day which is stated in the proof of

1 service, with postage fully prepaid at San Diego, California in the ordinary course of
 2 business. I am aware that on motion of party served, service is presumed invalid if the postal
 3 cancellation date or postage meter date is more than one day after the date stated in this proof
 4 of service.

5 B. **BY FACSIMILE** machine pursuant to Rule 2008(e). The recipient's name and fax number
 6 that I used are as shown below. The facsimile machine that I used complied with Rule
 7 2003(3) and no error was reported by the machine. Pursuant to Rule 2008(e)(4), a
 8 transmission report was properly issued by the transmitting facsimile machine.

9 C. **OVERNITE EXPRESS.** I caused such envelopes to be deposited in the Overnight Express
 10 Drop Box at San Diego, California.

11 I am personally and readily familiar with the business practice of this office for
 12 collection and processing correspondence for Overnight Express mailing. Under that
 13 practice it would be dropped in the drop box for the Overnight Express Service on that
 14 same day at San Diego, California in the ordinary course of business.

15 D. **FEDERAL EXPRESS.** I caused such envelopes to be deposited in the Federal Express
 16 Drop Box at San Diego, California.

17 I am personally and readily familiar with the business practice of this office for
 18 collection and processing correspondence for Federal Express mailing. Under that
 19 practice it would be dropped in the drop box for the Federal Express Service on that
 20 same day at San Diego, California in the ordinary course of business.

21 E. **BY PERSONAL SERVICE.** I delivered such envelope by hand to the offices of the
 22 addressee.

SERVICE	ADDRESSEE	PARTY
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	J. Michael Kaler Kaler Law Offices 9930 Mesa Rim Road, Suite 200 San Diego, CA 92121 Tel: 858-362-3151	

23 Executed on June 13, 2008 at San Diego, California.

24
 25
 26 /s/ Jeffrey D. Lewin
 27 Jeffrey D. Lewin
 28